

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
TUESDAY, JANUARY 25, 2011, 8:00 A.M.
Room 445, State Capitol**

Members Present: Sen. Chris Buttars, Co-Chair
Rep. Merlynn T. Newbold, Co-Chair
Rep. Ken Sumsion, House Vice-Chair
Sen. Stuart Adams
Sen. Lyle Hillyard
Sen. Mark Madsen
Sen. Karen W. Morgan
Sen. Howard Stephenson
Sen. Daniel Thatcher
Rep. LaVar Christensen
Rep. Tim M. Cosgrove
Rep. Steve Eliason
Rep. Francis D. Gibson
Rep. Steve Handy
Rep. Ken Ivory
Rep. Carol Spackman Moss
Rep. Jim Nielson
Rep. Marie H. Poulson
Rep. Bill Wright

Staff Present: Ben Leishman, Legislative Fiscal Analyst
Karen C. Allred, Secretary

Public Speakers Present: David Thomas, Member, State School Board
Todd Hauber, Associate Superintendent, Utah State Office of
Education (USOE)
Debra Roberts, Chair, Utah State Board of Education
Martell Menlove, Deputy Superintendent, USOE

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Newbold called the meeting to order at 8:14 A.M.

1. Approval of Minutes

The minutes will be approved later in the meeting, when there is a quorum.

2. Follow up on Items from January 19th Meeting.

Co-Chair Newbold asked if any subcommittee members had comments or questions from the previous meeting, and no one did.

3. Detailed Review of Education Programs

a. Voted & Board Leeways

Mr. Leishman explained the Voted and Board Leeways which are on the spread sheet in the binder, under the tab of January 11, 2011. The Voted and Board Leeways are two state supported property tax programs in which the local school board levies a property tax and the state guarantees a certain amount of revenue per WPU. It is an equalization program of maintenance and operation expenditures. The Voted Leeway is unrestricted revenue where the authority is passed by the voters within the district. The board leeway is restricted to class size reduction efforts, unless class sizes aren't in excess, then it can be used however the district sees fit. These leeways have a state guarantee rate (insures school districts generate a minimum amount of revenue per WPU), which is currently \$25.25 per WPU per increment of tax assessed. There are proposals to increase that rate to further equalize operation expenditures.

b. School Building Program

The Capital Outlay Foundation Program and Capital Outlay Enrollment Growth Program are also property tax equalization programs. The school districts levy a capital tax. Under statute, the State Board of Education determines a base amount and school districts receive funding based on how much is collected to help equalize funds for capital.

c. Education Agencies

Mr. Leishman explained Education Agencies, programs that provide state-wide administration or support services for school districts and charter schools. Under the January 19th tab, in the binder, is the Education Agencies Summary of Budgets. The State Office of Education is the largest agency, and is divided into several programs. Within the USOE there is the State Board of Education, Operations of the Board, Data & Business Services, Curriculum, Special Education & Title 1, Career and Technology Education (CTE), Student Achievement, Assessment, District Computer Services, Law, Legislation & Education Services, LLES-Education Equity, Educator Quality and Educator Licensing.

Co-Chair Newbold asked if the \$52,000 that comes from the Education Fund is administrative costs, and the \$7 million is licensure fees. Mr. Leishman said that the licensure fees are on page 3, \$1.2 million. Todd Hauber, Associate Superintendent, USOE, responded that the \$7 million is Title IIA money. Co-Chair Newbold asked what Title II money is. Brenda Hales, Associate Superintendent, USOE, explained that Title IIA money is for activities for highly qualified and highly effective educators and helps raise qualifications for teachers. Co-Chair Newbold asked if it provides extra in-service hours for teachers to keep licenses. Ms. Hales responded yes, and also helps fund efforts for teacher evaluation systems and standardizing educator standards.

Rep. Ivory asked for clarification on the Total State Office of Education column and if 90% of the USOE education funds are federal funds. He asked how secure are those funds, how are they allocated, how do we know they are coming from year to year, and if there is a contingency fund if those funds don't come because the federal government is overspending. Ms. Hales responded that it is mostly flow through money. Legislation has been in effect for "no child left behind" and funds flow by formula based on poverty and state effort of funding. The money goes to districts and charter schools. The districts know that the funding is year to year. Mr. Thomas commented that funding for Special Education and Title I will most likely not change, however there will be a change in the formula. There is a move to put 25% of formula money from the federal government into competitive grants. It is anticipated that states with higher urban population may get the grants, making it likely that Utah will see less. Rep. Ivory commented that even in the most optimistic conditions, the federal government will be overspending and wonders what contingency plans are in place. Martell Menlove, Deputy Superintendent, USOE said that the money is only 7% of the total education budget for the state, even though it is a large amount of money. The contingency plan is that cuts would be made. Rep. Ivory asked if Utah might look to a self reliance contingency plan. Mr. Thomas commented that years ago when he was in the Legislature, it was considered to not take federal funds, but somehow those funds would have to be made up. There are good programs for Title I schools that need to be continued, and the State would need an additional funding source to fund those programs.

Rep. Nielson asked if the Educator Licensing fees are paid by individuals, or districts on behalf of individuals, and how are those funds distributed. Mr. Menlove responded that teachers are responsible for their own licenses as well as renewals and background checks. The intent is to run the licenser fee program off of the funds collected through the fees. Rep. Nielson asked if there is an education component that comes out of the licensing fee. Mr. Menlove responded not currently.

Rep. Wright asked if national core standards are being developed with other states, and will Title I funds be withdrawn if standards are not followed. He commented that the reality is that national core standards are not consistent with what Utah wants to do. Mr. Thomas said that the common core standards were developed by 48 states, and Utah only accepted the standards for math and English. President Obama had a provision to try to tie funds to the Title I, which has been withdrawn because states would pull out and block the administration. If the federal government gets involved, Utah and several other states will pull out. The common core standards have been looked at very carefully to make sure Utah values are followed. Rep. Wright asked if there is some evidence of assurance that this won't happen. Mr. Thomas said nothing has been set, but there is a stop gap in place.

Rep. Sumsion said as he looks at the total Office of Education column, he presumes that there is about \$11 million which the federal government is letting the state keep as administrative costs. How many positions are funded through federal money versus state money? Mr. Hauber distributed a handout and explained that on the first page is a break out of the individual funding sources and Full Time Equivalents (FTE's). There are just under 63 FTE's funded with federal dollars in the state office. Rep. Sumsion asked if the federal

government allows a certain amount for administrative costs. Mr. Hauber replied that there is a specific allowance or percentage of the allocation to be used for administrative purposes. Rep. Sumsion asked if the \$11 million is funding FTE's. Mr. Hauber said there is also some professional development at the state level along with FTE's.

Sen. Adams asked Mr. Thomas if he would back away from the funding and support the legislature if the policy's were inconsistent with State values. Mr. Thomas replied if there was replacement money from the State. Adams commented the more dependant the school is on the federal money, the more burden would be placed on the state. The dependance on the federal funds is a concern.

Rep. Christensen asked for an overview of the infrastructure of the USOE, and if the \$11million the net cost of the USOE? He commented that the problem of no child left behind, was originally supposed to be a small percentage of the most needy people, it has become much larger, and asked if federal involvement were to be removed and were locally administered, what would the impact be on personnel, scope of work, and budget wise for the State Office of Education. Mr. Thomas replied that the USOE is the staff of the State Board of Education who delegate authority to the USOE. The large cost of having the federal funds is in reporting everything, but there would still need to be money for funding important programs, and servicing those in poverty, especially for rural areas. Rep. Christensen asked if 88% of the workload is tied to the federal compliance. Mr. Menlove responded that in Special Education, currently there are 20 FTE's, 2 or 3 are dedicated to reporting requirements, the other 17 people are implementing the program would still need to be there. He can't differentiate the amount that goes to reporting and the amount that goes to implementing the program.

Co-Chair Newbold told the subcommittee that there seems to be much concern about federal funds, which Mr. Leishman may answer questions in his discussion from an issue brief on federal funds.

Mr. Leishman explained the Issue Brief of Federal Funds and a break down of these funds. The governor's office collects information on these funds. There are four programs that receive federal funds. The programs are USOE, Charter Schools, Child Nutrition Fund and Schools for the Deaf and the Blind. The stated federal objective is also included in the brief. If there are further questions, the Catalog of Federal Domestic Assistance (CFDA) has more information and is found at, www.cfda.gov and search by CFDA number. Action will need to be taken for the base budget bill.

Sen. Buttars asked what the total federal funds are for USOE. Mr. Leishman replied that in the current year it is \$226.5 million dollars for USOE, with an additional \$5 million in State Charter Board and \$114 million in the Child Nutrition Programs.

Sen. Thatcher asked for clarification that the federal government had nothing to do with developing the national standards, but it was a group of states that made the decision what children should have testing on. Mr. Thomas responded that the National Governors

Association, together with the school board chiefs of each state and the State Board of Education, looked at common standards in English and Math. Rep. Thatcher asked how long it took. Mr. Thomas replied that it has taken a couple of years. Rep. Thatcher asked who paid for this gathering, and if there were any federal dollars in the funding. Mr. Thomas replied that it was mostly funded by each state and some foundations. It was important to the states that it be a state thing, not a federal government thing. It is important that when families move to other states, there be a common core taught. Rep. Thatcher clarified that after two years, there is an English and Math core curriculum, and if the subcommittee can see that curriculum. Mr. Thomas sent an email with standards attached, at least to the Senators, and can get him a copy.

Co-Chair Buttars assumed the chair

Mr. Leishman continued with the last line item, Indirect Cost pool, which are internal services funds (that charge operating divisions for some common functions), the Office of the Superintendent, and the Office of Deputy Superintendent (which deals with the agency itself). This concludes the State Office of Education overview.

Co-Chair Newbold resumed the chair.

Rep. Poulson asked for clarification concerning federal funds and the standard core, and if the federal portion is 7% of the State School Budget. Mr. Leishman said that the federal portion is about 7% of all revenue sources of school districts and charter schools. Rep. Poulson asked if the common core standards organization develops this curriculum or does state develop its own curriculum. Mr. Thomas replied that the State develops its own curriculum.

Sen. Madsen asked what is the total amount spent at the state office level, not pass through, but the actual cost of the state office? Mr. Hauber replied that it is about one to two million dollars. Sen. Madsen asked if there will be any further common core standards? Mr. Thomas said that in his discussion with chief's association last Friday, there was no interest in going further. There are states that are still working on curriculum, but not Utah.

Sen. Buttars asked for clarification on who is writing the curriculum. Mr. Thomas responded that the State Board adopted the common core, and then began writing the curriculum. No outside entity would tell the state what the curriculum would be. Ms. Roberts responded that it is a major effort of the State Office, and the curriculum is written from the standards according to what will be best for the students.

Sen. Stephenson asked if the UOSE expenditures could be shown in the document produced by Mr. Leishman. Mr. Leishman responded that it is in his document, and is very similar to the USOE hand out. Sen. Stephenson commented that it doesn't make good budgeting sense for the federal funds to be co-mingled with the USOE budget. He feels the operation of the USOE should be listed separately. Mr. Leishman said that this subcommittee has the authority to request that it be listed separately. Sen. Stephenson asked the chair to have it

reported yearly, separate from the agency itself. Co-Chair Buttars commented that he would also like to see more line detail.

Rep. Christensen asked if Brenda Hales presentation could be part of a public education meeting and commented that he is grateful that the national association organization for making Utah standards separate from the federal standards. He said that the core curriculum should include the constitution and asked that the USOE re-evaluate this curriculum option. Mr. Thomas responded that the social studies curriculum includes the constitution.

Rep. Wright commented that in the past, the core was developed in conjunction with National Organizations. Ms. Hales stated that when a core is developed, it is done by representatives from Utah. Individuals consisting of educators, representatives from the legislature and PTA. When a core is developed it takes about 2 years, involving experts and is taken to public hearings throughout the state. It is the best work that she has seen. Mr. Thomas stated that ultimately it is the State Board that approves the curriculum and makes changes. It is looked at with a probing eye to make sure it complies with Utah values.

Sen. Buttars said that if each state is writing its own curriculum, why is there the national consortium. Mr. Thomas replied the common core sets the basic standards that a student needs to be proficient, how it is done is up to each state. Ms. Hales compared the standards as the core part of an apple and the curriculum as the meat of the apple.

Mr. Leishman discussed the remaining Education Agencies managed through the USOE. The USOE Grant and Initiative program was made to track several separate from the State Office of Education's Budget. The programs are in this category because the programs are on a contract basis. The USOE works out the contracts with the private entities or school districts involved. The programs included are Electronic High School, UPSTART-Early Childhood Learning, ProStart-CTE Culinary Program, CTE Online Testing, General Financial Literacy, Carson Smith Special Needs Scholarships, Paraeducator to Teacher Scholarships, and Imagine Learning-ELL Software Licenses.

Rep. Ivory asked if ELL is basically English as a second language. Mr. Leishman responded that this is a computer interactive program that uses software to learn the language, and is focused for English language learners.

Mr. Leishman continued with State Charter School Board. About 5 years ago the Legislature created a separate line item and governing board for charter schools. This is an advisory board to the State Board of Education and the operations division of the Charter Schools. Federal funds come in as pass through for the Charter Schools.

Co-Chair Newbold asked about the pass through for charter schools and if there is a specific use for the funds. Mr. Leishman said the funds go to support planning, development and initial implementation of charter schools.

Rep. Moss asked how the federal funding is used for the charter schools. Mr. Leishman

replied it goes to new charter schools on a formula basis to help them start up. Rep. Moss asked how it is managed. Mr. Leishman said the state applies for it and the USOE divides it up and sends it to charter schools.

Sen. Buttars commented on the pass through of \$5 million, and that the information of how it is spent is not given. He would like to know more detail. Mr. Leishman replied that it is not possible to review every expenditure in the state within the subcommittee structure. He uses the State Finance and Accounting System, which has regulations on general spending categories and that is what he reports to the subcommittee. Co-Chair Newbold asked if the USOE could provide more detailed information for next meeting. Co-Chair Buttars asked if that information would be line item detail. Mr. Menlove replied he could provide each charter school using funding, and how it is spent. Co-Chair Newbold asked if he could also include the parameter for which the money needs to be spent.

Rep. Gibson commented that he too would appreciate a little more detail, and not just a big number on a general line item. His feeling is Legislators should be spending more time on appropriations, and less time on bills. Co-Chair Newbold said the subcommittee makes important decisions, and any specific information that can be provided, helps in those decisions.

Mr. Leishman continued his explanation of programs. The Child Nutrition Programs, which provides school lunch, breakfast, summer food programs, commodities program that distributes food to school and adult care facilities. It has Dedicated Credits Revenue from the sale of liquor and wine. Most funding goes to the school districts and charter schools for meal services to children.

Education Contracts pays for educational services for children at the state hospital and adults in state prison that don't have high school diplomas or GED.

The Fine Arts Education Outreach and Science Education Outreach are grant programs which provide direct instruction to the schools.

Rep. Ivory asked how the Grants and Initiatives Program relates to the Minimum School Program or Basic School Program on the spread sheet, and if they are separate through the USOE, rather than the WPU/Related to Basic budget detail. Mr. Leishman said the programs discussed are structured differently than the Related to Basic School programs. These programs need to go through the USOE because they are executed by contract. Rep. Ivory asked for clarification on how the Beverly Taylor Sorenson Scholarship is different from these Outreach Programs. Mr. Leishman responded that there is not a specific statute directing the Beverly Taylor Sorenson, and because it is a grant program.

Co-Chair Buttars asked for the subcommittee's response to having an extra meeting on Saturday, to discuss line items in detail. Rep. Nielson and Rep. Gibson commented that they would like to see a line item detail broken out on a spread sheet that he could study in advance. Rep. Ivory appreciates the sentiment and that the subcommittee is called upon to

make very important decisions and wants to make educated decisions. He needs to look to recommendations to help understand the task of making reductions and help him come to a qualitative and quantitative assessment. Mr. Thomas replied that USOE would certainly like to be partners, and will try to give as much information and recommendations as possible.

Co-Chair Newbold reminded the subcommittee that staff prepared a very detailed table that is contained in their binder in the first meeting. If there are specific line-items that would like to discuss in more detail let the chairs know.

Co-Chair Buttars asked by show of hands if the committee would like to meet on a Saturday to discuss some line items. A majority of the group agreed that they would like to have an extra meeting. The chairs will explore that option and come back to the committee.

Rep. Gibson commented that he understands that 90% of decisions are made in the school districts, but it his responsibility to help decide how the districts should spend allocated funds. He quoted the phrase "help me help you". He would like to give more local control, but wants to know that what is being spent is for the good of the State.

MOTION: Co-Chair Buttars moved to adjourn.

Co-Chair Newbold adjourned the meeting at 9:57 A.M.

Minutes were reported by Karen C. Allred, Senate Secretary

Sen. Chris Buttars, Co-Chair

Rep. Merlynn T. Newbold, Co-Chair